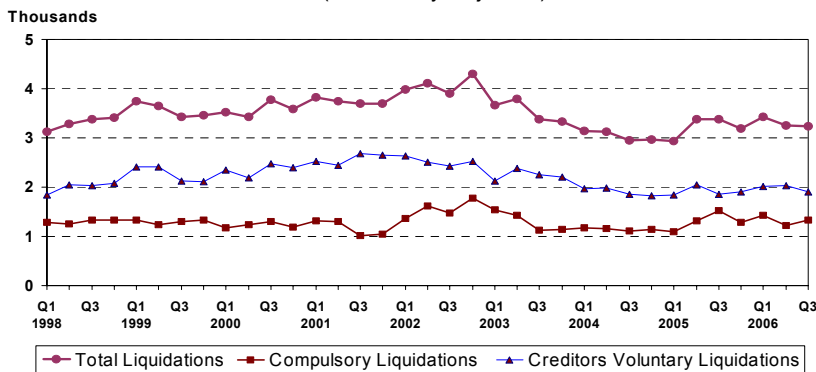


STRICTLY EMBARGOED UNTIL 9.30 AM, 3 November 2006

## STATISTICS RELEASE: INSOLVENCIES IN THE THIRD QUARTER 2006

Statistics showing insolvencies in the third quarter 2006 are published today (3 November) by the Insolvency Service.

**Number of Company Liquidations in England and Wales**  
(Seasonally Adjusted)



Source: Insolvency Service

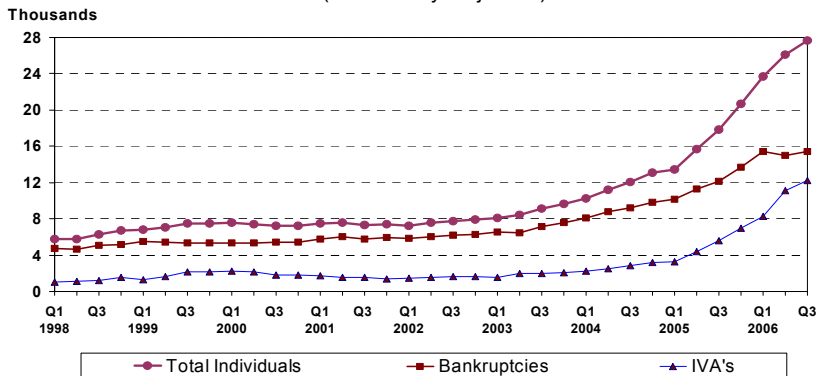
### COMPANY LIQUIDATIONS

There were 3,235 liquidations in England and Wales in the third quarter of 2006 on a seasonally adjusted basis. This was a decrease of 0.4% on the previous quarter and a decrease of 4.3% on the same period a year ago.

This was made up of 1,335 compulsory liquidations, an increase of 9.7% on the previous quarter and a decrease of 12.1% on the corresponding quarter of the previous year, and 1,899 creditors voluntary liquidations, a decrease of 6.5% on the previous quarter and an increase of 2.1% on the corresponding quarter of the previous year.

0.7% of active companies went into liquidation in the twelve months ended Q3 2006, the same as the previous quarter and the corresponding quarter of 2005.

**Number of Individual Insolvencies in England and Wales**  
(Seasonally Adjusted)



Source: Insolvency Service

### INDIVIDUAL INSOLVENCIES

There were 27,644 individual insolvencies in England and Wales in the third quarter of 2006 on a seasonally adjusted basis. This was an increase of 5.7% on the previous quarter and an increase of 55.4% on the same period a year ago.

This was made up of 15,416 bankruptcies, an increase of 2.7% on the previous quarter and an increase of 26.6% on the corresponding quarter of the previous year, and 12,228 Individual Voluntary Arrangements (IVAs), an increase of 9.8% on the previous quarter and an increase of 117.9% on the corresponding quarter of the previous year.

### Number of Insolvencies in England and Wales (seasonally adjusted)

		2005	2005	2006	2006	2006	<i>Percentage change</i>	
		Q3	Q4	Q1	Q2r	Q3p	<i>Q3 2006 on:</i>	
							<i>Q2 2006</i>	<i>Q3 2005</i>
<b>Company Liquidations</b>		<b>3,380</b>	<b>3,198</b>	<b>3,432</b>	<b>3,249</b>	<b>3,235</b>	<b>-0.4</b>	<b>-4.3</b>
of which:	<b>Compulsory</b>	1,520	1,287	1,421	1,217	1,335	9.7	-12.1
	<b>Creditors</b>	1,860	1,911	2,011	2,032	1,899	-6.5	2.1
	<b>Voluntary</b>							
<b>Individuals</b>		<b>17,793</b>	<b>20,679</b>	<b>23,653</b>	<b>26,144</b>	<b>27,644</b>	<b>5.7</b>	<b>55.4</b>
of which:	<b>Bankruptcies</b>	12,182	13,675	15,418	15,007	15,416	2.7	26.6
	<b>IVAs</b>	5,611	7,004	8,235	11,137	12,228	9.8	117.9

p = provisional, r = revised

### INSOLVENCIES IN SCOTLAND AND NORTHERN IRELAND

The following tables present recent trends in insolvencies in Scotland and Northern Ireland, complementing those for England and Wales above (longer series back to 1998 are presented in the accompanying detailed tables).

#### Number of Insolvencies in Scotland (not seasonally adjusted)

		2005	2005	2006	2006	2006	<i>Percentage change</i>	
		Q3	Q4	Q1	Q2	Q3p	<i>Q3 2006 on:</i>	
							<i>Q2 2006</i>	<i>Q3 2005</i>
<b>Company Liquidations</b>		<b>151</b>	<b>119</b>	<b>128</b>	<b>133</b>	<b>156</b>	<b>17.3</b>	<b>3.3</b>
of which:	<b>Compulsory</b>	115	82	96	99	132	33.3	14.8
	<b>Creditors</b>	36	37	32	34	24	-29.4	-33.3
	<b>Voluntary</b>							
<b>Individuals</b>		<b>3,593</b>	<b>2,961</b>	<b>3,111</b>	<b>3,544</b>	<b>3,601</b>	<b>1.6</b>	<b>0.2</b>
of which:	<b>Sequestrations</b>	1,461	1,289	1,241	1,305	1,528	17.1	4.6
	<b>Protected Trust Deeds</b>	2,132	1,672	1,870	2,239	2,073	-7.4	-2.8

p = provisional

#### Number of Insolvencies in Northern Ireland (not seasonally adjusted)

		2005	2005	2006	2006	2006	<i>Percentage change</i>	
		Q3	Q4	Q1	Q2	Q3p	<i>Q3 2006 on:</i>	
							<i>Q2 2006</i>	<i>Q3 2005</i>
<b>Company Liquidations</b>		<b>31</b>	<b>31</b>	<b>29</b>	<b>41</b>	<b>28</b>	<b>-31.7</b>	<b>-9.7</b>
of which:	<b>Compulsory</b>	19	23	19	24	15	-37.5	-21.1
	<b>Creditors</b>	12	8	10	17	13	-23.5	8.3
	<b>Voluntary</b>							
<b>Individuals</b>		<b>320</b>	<b>394</b>	<b>408</b>	<b>495</b>	<b>425</b>	<b>-14.1</b>	<b>32.8</b>
of which:	<b>Bankruptcies</b>	193	213	245	286	241	-15.7	24.9
	<b>IVAs</b>	127	181	163	209	184	-12.0	44.9

p = provisional

## Notes to Editors

1. The official Insolvency Statistics are the most comprehensive record of the number of corporate and individual insolvencies in England and Wales. Insolvencies in Scotland and Northern Ireland are also included, but are shown separately as they are covered by separate legislation, there are some differences in definition, and policy responsibility for them lies within the devolved administrations.
2. The statistics for England and Wales are derived from administrative records of the DTI Insolvency Service and Companies House Executive Agencies. For Scotland, the company insolvency statistics are derived from administrative records at Companies House, Scotland. Figures for individual insolvencies in Scotland are provided by the Office of the Accountant in Bankruptcy (AIB). The Northern Ireland statistics are derived from administrative records of the DETI Insolvency Service and Companies Registry.
3. Numbers of insolvencies are not directly comparable with official estimates of business stock, formations or closures. Statistics of business start-ups and closures that are directly comparable with each other have been assembled from VAT records and are published by the Department of Trade and Industry. The latest figures are those for 2005, and were issued in a DTI press notice on 24 October 2006. More detailed figures are available via the on-line database NOMIS. Additionally, analysis into the number of firms in the United Kingdom estimated the total number of businesses at the start of 2005 at 4.3 million.
4. The X11ARIMA program (developed by Statistics Canada) is used for the seasonal adjustment of the insolvency statistics for England and Wales, this being the recommended program within UK National Statistics. The data series covering Scotland and Northern Ireland do not demonstrate consistent seasonality and only the raw (unadjusted) series are presented.
5. Insolvent companies in England & Wales and Scotland are dealt with under the Insolvency Act of 1986 and, in Northern Ireland, by the Insolvency (Northern Ireland) Order 1989. They can **either** be the subject of a **compulsory liquidation** (winding-up) order obtained from the court by a creditor, shareholder or director **or** themselves pass a resolution, subject to the approval of a creditors' meeting that the company be wound up voluntarily (**creditors voluntary liquidations**, registered at Companies House/Companies Registry). In either case they are said to have been **wound-up**, and numbers are given in Tables 1, 6 and 8. A third type of winding-up, members' voluntary liquidation, is not included because it does not involve insolvency.
6. The Insolvency Act 1986 and, in Northern Ireland, the Insolvency (Northern Ireland) Order 1989 also introduced the procedures of **company administration orders** and **company voluntary arrangements (CVAs)**. The administration procedure gives a period of time during which creditors are restrained from taking action and a court appointed administrator puts forward proposals to deal with the company's financial difficulties. The CVA procedure aids business by enabling a company in financial difficulty to come to a binding agreement with its creditors. These are listed separately under Table 3 for England and Wales.
7. The Enterprise Act 2002 introduced revisions to the corporate administration procedures, replacing Part II of the Insolvency Act 1986 with Schedule B1. These include the introduction of additional entry routes into administration that do not require the making of an administration order and a streamlined process for **Administrations** whereby a company can in some circumstances be dissolved without recourse to liquidation. The

primary objective of administration (and of CVAs) is the rescue of the company as a going concern; where liquidation does result these cases will be recorded under the insolvency figures at Table 1. These provisions came into force on 15<sup>th</sup> September 2003 and **Administrations under the Enterprise Act** have been included on Table 3 from Q3 2003 (dissolution follows 3 months after a notice is filed with the Registrar of Companies, if no objections are raised by the court). On 27<sup>th</sup> March 2006 the Insolvency (Northern Ireland) Order 2005 introduced similar revisions to the corporate administration procedures in Northern Ireland, replacing Part III of the Insolvency (Northern Ireland) Order 1989 with Schedule B1.

8. **Receivership appointments** comprise **administrative receivers** appointed under the 1986 Act (and the 1989 Order for Northern Ireland) and certain other receivership appointments, for example under the Law of Property Act 1925. Due to the use of the same statutory documentation for different types of receivership, it is not possible to give a breakdown between them. The provisions of the Enterprise Act 2002 [section 250] (Insolvency [Northern Ireland] Order 2005 [Article 5]) have made some changes to the procedures for administrative receivership.

9. Individual insolvencies in England and Wales and in Northern Ireland are made up of **bankruptcy orders** and **individual voluntary arrangements (IVAs)**. Insolvent individuals in England and Wales are dealt with mainly under the Insolvency Act 1986. A bankruptcy order is made on the petition of the debtor or one or more of his creditors when the court is satisfied that there is no prospect of the debt being paid. (Figures for bankruptcy orders include orders relating to the estates of deceased debtors). There are also IVAs and deeds of arrangement (the latter under the Deeds of Arrangement Act 1914), which enable debtors to come to an agreement with their creditors. Table 2 summarises the above types of individual insolvencies (IVAs and Deeds of Arrangement are now included under a single column). Changes to bankruptcy law introduced by the Enterprise Act 2002 came into force on 1 April 2004 – the Act made no changes to the existing individual voluntary arrangement regime.

10. Insolvent individuals in Scotland (Table 6) are subject to **sequestration** (bankruptcy) or **protected trust deeds** under the Bankruptcy (Scotland) Act 1985 (as amended). This Act was amended by the Bankruptcy (Scotland) Act 1993. Protected trust deeds are voluntary arrangements in Scotland, but although they fulfil much the same role as individual voluntary arrangements, there are important differences in the way they are set up and administered. Details of both sequestrations and protected trust deeds are found on the register of insolvencies which is maintained by the Accountant in Bankruptcy. Further information about insolvency in Scotland can be found on the Accountant's website at [www.aib.gov.uk](http://www.aib.gov.uk).

11. Insolvent individuals in Northern Ireland are dealt with under the Insolvency (Northern Ireland) Order 1989. On 27 March 2006 the Insolvency (Northern Ireland) Order 2005 came into operation and implemented similar changes to bankruptcy procedures as the Enterprise Act 2002 introduced in England and Wales. Further information about insolvency in Northern Ireland can be found on their website at [www.insolvencyservice.detini.gov.uk](http://www.insolvencyservice.detini.gov.uk).

12. Under the Insolvency Act 1986 and the Insolvent Partnerships Order and, in Northern Ireland, the Insolvency (Northern Ireland) Order 1989 and the Insolvent Partnerships Order (Northern Ireland) 1995, insolvent partnerships may be wound up as an unregistered company or administered following bankruptcy orders against the partners. Insolvent Partnerships can also enter administration or a voluntary arrangement.

13. Company liquidations in England & Wales and Scotland are also presented broken down by industry. For bankruptcy orders, the self-employed are shown separately and with a similar industry breakdown. The industry breakdown for cases in England and Wales is only available one quarter in arrears of the headline series. Work is in hand to update the classification of new cases to the Standard Industrial Classification (SIC) 2003 to bring them into line with other official statistics, with a view to publishing new case statistics according to SIC2003 next year.

14. Information concerning insolvency legislation and procedure in England and Wales may be obtained from the Insolvency Service website at [www.insolvency.gov.uk](http://www.insolvency.gov.uk). Additionally, details of recent insolvency research and policy evaluation can be found at <http://www.insolvency.gov.uk/insolvencyprofessionandlegislation/insolvencylaw.htm>.

### National Statistics

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**Press Enquiries:** Lorna Dennis  
Insolvency Service Press Officer  
Tel: +44 (0)20 7637 6279  
Fax: +44 (0)20 7291 6731

**Non Media Enquiries**

Policy Directorate : Statistics  
**Margaret Sims** +44 (0)20 7637 6443  
**Gary Mills** +44 (0)20 7637 6504  
E-Mail:  
[margaret.sims@insolvency.gsi.gov.uk](mailto:margaret.sims@insolvency.gsi.gov.uk)  
[gary.mills@insolvency.gsi.gov.uk](mailto:gary.mills@insolvency.gsi.gov.uk)

Internet:  
<http://www.insolvency.gov.uk/otherinformation/statistics/insolv.htm>

Out of hours cover  
**Public Enquiries** +44 (0)20 7215 5000  
**Textphone** +44 (0)20 7215 6740  
(for those with hearing impairment)